

**CHAPTER 1**

**LEGAL, FINANCIAL, COMPLIANCE, AND RELATED INFORMATION  
(R645-301-100)**

**INCORPORATED**

**AUG 27 2007**

**Div. of Oil, Gas & Mining**

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## **CHAPTER 1**

### **LEGAL, FINANCIAL, COMPLIANCE, AND RELATED INFORMATION**

#### **R945-301-112 IDENTIFICATION OF INTERESTS**

112.100 GENWAL Resources, Inc. is a corporation organized and existing under the laws of Utah and qualified to do business in Utah.

112.200 The applicant, GENWAL Resources, Inc. will also be the operator.

GENWAL Resources, Inc.  
P.O. Box 1077  
Price, Utah 84501  
(435) 888-4000  
Bruce Hill - President

112.220 The resident agent of the applicant, GENWAL Resources, Inc., is:

David Shaver  
GENWAL Resources, Inc.  
P.O. Box 1077  
Price, Utah 84501  
  
(435) 888-4000

112.230 GENWAL Resources, Inc. will pay the abandoned mine land reclamation fee.

112.300 thru 112.330 Ownership and Control - See Appendix 1-9.

GENWAL Resources, Inc. is the permittee and operator of the Crandall Canyon and the South Crandall Mines. GENWAL Resources, Inc. is a wholly owned subsidiary of ANDALEX Resources, Inc.. GENWAL Resources, Inc. is a Utah corporation licensed to do business in the State of Utah. GENWAL Resources, Inc. is the operating agent for the CRANDALL CANYON PROJECT. ANDALEX Resources, Inc. and the Intermountain Power Agency (I.P.A.) are tenants in common (co-owners) of the CRANDALL CANYON PROJECT, each having an undivided 50% ownership interest in the PROJECT. ANDALEX Resources, Inc. is a Delaware corporation and Intermountain Power Agency is a political subdivision of the State of Utah. All leases associated with the GENWAL Mines are owned jointly (undivided 50% ownership) by ANDALEX Resources, Inc. and Intermountain Power Agency. ANDALEX Resources, Inc. is a wholly owned subsidiary of UtahAmerican Energy Inc., which in turn is a wholly owned subsidiary of Murray Energy Corporation.

112.340      See Appendix 1-12

112.350      See Appendix 1-12

112.410      See Appendix 1-12

112.420      See Appendix 1-9

112.500      Surface Owners:

U.S. Forest Service  
Manti-La Sal National Forest  
599 West Price River Drive  
Price, Utah 84501

School and Institutional Trust  
Lands Administration  
355 West North Temple, Suite 400  
Salt Lake City, Utah 84180-1204

GENWAL Resources Inc.  
P.O. Box 1077  
Price, Utah 84501

**Subsurface Owners:**

Bureau of Land Management  
Utah State Office  
136 East South Temple  
Salt Lake City, Utah 84111

School and Institutional Trust  
Lands Administration  
355 West North Temple, Suite 400  
Salt Lake City, Utah 84180-1204

GENWAL Resources Inc.  
P.O. Box 1077  
Price, Utah 84501

112.600

**Contiguous Surface Owners:**

U.S. Forest Service  
Manti-La Sal National Forest  
599 West Price River Drive  
Price, Utah 84501

School and Institutional Trust  
Lands Administration  
355 West North Temple, Suite 400  
Salt Lake City, Utah 84180-1204

Dick Nielson  
c/o Kris Ligon  
4819 Mandell Street  
Houston, Texas 77006

**Contiguous Sub-Surface Owners:**

Bureau of Land Management  
Utah State Office  
136 East South Temple  
Salt Lake City, Utah 84111

School and Institutional Trust  
Lands Administration  
355 West North Temple, Suite 400  
Salt Lake City, Utah 84180-1204

Dick Nielson  
c/o Kris Ligon  
4819 Mandell Street  
Houston, Texas 77006

112.700      See Appendix 1-12

112.800      N/A

**113    Violation Information:**

113.100      The applicant or any subsidiary, affiliate or persons controlled by or under common control with the applicant has not had a federal or state permit to conduct coal mining and reclamation operations suspended or revoked in the five years preceding the date of submission of the application.

113.120      The applicant etc. has not forfeited any performance bond or similar security.

113.200      Not applicable

113.300      A listing of violations received by the applicant in connection with any coal mining and reclamation operation during the three year period preceding the application date is provided in Appendix 1-11. MSHA numbers for the operations can be found in Appendix 1-12. There have been no unabated violations or cessation orders issued to any affiliated companies during the previous three years.

113.400      N/A



## 114 RIGHT OF ENTRY INFORMATION

114.100 Applicant bases its legal right to enter and begin underground mining activities in the permit area upon the following:

- Federal Coal Lease U-54762, issued to GENWAL on December 1, 1986, is currently owned by Andalex and IPA. IPA and Andalex have undivided 50% interest as tenants in common of all leases previously under GENWAL's sole ownership (Andalex Resources, Inc has now assumed all leases or portions of the leases previously held by NEICO through the purchase and transfer of those rights to GENWAL Resources, Inc. effective 1/11/95).
- Federal coal lease UTU-78953 (also known as the South Crandall tract) was acquired in June 2003. (Refer to Appendix 1-13)
- A 40 acre parcel of the SITLA Millfork Lease was subleased from PacifiCorp in February, 2004. (Refer to Appendix 1-14).
- In December, 2004 the BLM issued a decision to approve Federal Lease UTU-68082, to include an additional 120 acres . (Refer to Appendix 15-A.) The approval became effective in the early part of 2005 (Refer to Appendix 1-15).

The present Joint Owners (Andalex and IPA) base their legal right to enter and continue underground mining activities in the permit area upon the following documents and the NEICO/Andalex sales contract:

### **Federal Coal Lease Assignments**

Federal Coal Lease U-54762 was issued to Genwal Coal Co. on December 1, 1986 and was assigned to the previous Joint Owners (NEICO and IPA) on July 11, 1991. NEICO's interest was assigned to ANDALEX on January 11, 1995.

Federal Coal Lease SL-62648, was assigned to the previous Joint Owners (NEICO and IPA) on July 11, 1991. NEICO's interest was assigned to ANDALEX on January 11, 1995.

Federal Coal Lease UTU-68082, was assigned to the previous Joint Owners (NEICO and IPA) in March, 1994. NEICO's interest was assigned to ANDALEX on January 11, 1995.

### **State Coal Lease Assignments**

Utah State Coal Lease ML-21568, was assigned to the previous Joint Owners (NEICO and IPA) on July 11, 1991. NEICO's interest was assigned to ANDALEX on January 11, 1995.

Utah State Coal Lease ML-21569, was assigned to the previous Joint Owners (NEICO and IPA) on July 11, 1991. NEICO's interest was assigned to ANDALEX on January 11, 1995.

Copies of the Assignments are included in Appendix 1-1.

**Special Use Permit Assignments**

Special Use Permit, 1.5 acres, 150 x 400 ft adjacent to the eastern boundary of GENWAL's Federal Coal Lease SL-062648 for construction of the Sediment Pond. (See Appendix 1-3)

Special Use Permit, .10 acres located in Section 6, SW quarter NE quarter T16S R7E SLBM for the Trailhead parking and snow storage. (See Appendix 1-3).

Special Use Permit, 1.4 acres for stockpiles 1, 2, 3 and 4 dated 8/17/87 (See Appendix 1-3)

Road Use Permit Assignment for F.S. No. 50248 road issued May 21, 1981 by the United States Forest Service (Appendix 1-2).

It should be noted that throughout this Mining and Reclamation Plan the combined area of Federal Lease UTU-78953 and the SITLA/PacifiCorp sublease are collectively referred to as the South Crandall lease area, the South Crandall tract, the South Crandall mining area, and similar such terms.

PERMIT LEGAL DESCRIPTION

The permit area is located and described as follows:

<u>PARCEL</u>	<u>ACREAGE</u>	<u>LEGAL DESCRIPTION</u>
FEDERAL LEASE U-68082	2979.49	T 15 S, R 6 E  Section 25: S $\frac{1}{2}$ Section 26: S $\frac{1}{2}$ Section 35: ALL  T 15 S, R 7 E  Section 30: Lots 7-12 SE $\frac{1}{4}$ Section 31: Lots 1-12 NE $\frac{1}{4}$ N $\frac{1}{2}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$  T 16 S, R 6 E  Section 1: Lots 1-12 SW $\frac{1}{4}$  T 16 S, R 7 E  Section 6: Lots 2-4 SW $\frac{1}{4}$ NE $\frac{1}{4}$
MODIFICATION TO U-68082	120.00	T15S, R7E  Section 32: W $\frac{1}{2}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$

FEDERAL LEASE U-54762

256.49

T 15 S, R 7 E

Section 31: SE $\frac{1}{4}$ SE $\frac{1}{4}$   
Section 32: S $\frac{1}{2}$ SW $\frac{1}{4}$   
SW $\frac{1}{4}$ SE $\frac{1}{4}$

T 16 S, R 7 E

Section 5: Lots 2, 3, and 8

FEDERAL LEASE SL-062648

161.17

T 16 S, R 7 E

Section 5: Lots 5 and 6  
Section 6: Lot 1  
SE $\frac{1}{4}$ NE $\frac{1}{4}$

FEDERAL LEASE U-78953

880.00

T 16 S, R 7 E

Section 4: W $\frac{1}{2}$ SW $\frac{1}{4}$   
S $\frac{1}{2}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$   
Section 5: SE $\frac{1}{4}$   
S $\frac{1}{2}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$   
Section 8: E $\frac{1}{2}$   
NE $\frac{1}{4}$ NW $\frac{1}{4}$   
S $\frac{1}{2}$ NW $\frac{1}{4}$   
Section 9: NW $\frac{1}{4}$

STATE LEASE ML-21568

997.69

T 16 S, R 6 E

Section 2: ALL

STATE LEASE ML-21569

640.00

T 15 S, R 6 E

Section 36: ALL

FEE SURFACE AND COAL  
(Dellenbach)

160.00

T 16 S, R 7 E

Section 5: SW $\frac{1}{4}$

BLM RIGHT OF WAY UTU-77975  
(underground mining rights)

50.00

T 16 S, R 6 E

Section 3: E $\frac{1}{2}$ E $\frac{1}{2}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$   
E $\frac{1}{2}$ E $\frac{1}{2}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$   
E $\frac{1}{2}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$

Section 10: NE $\frac{1}{4}$ NE $\frac{1}{4}$ NE $\frac{1}{4}$

SITLA/PACIFICORP SUBLEASE

40.0

T 16 S, R 7 E

Section 8: NW $\frac{1}{4}$ NW $\frac{1}{4}$

FOREST SERVICE SPECIAL USE AREAS:  
(all in T 16 S, R 7 E)

SEDIMENT POND (7/28/83)

1.5

Section 5: located within  
SW $\frac{1}{4}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$ ,

TOPSOIL PILE #1 (8/17/87)

0.2

Section 5: located within  
SE $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$ ,

TOPSOIL PILE #2 (8/17/87)

0.2

Section 5: located within  
SW $\frac{1}{4}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$ ,

TOPSOIL PILE #3 (8/17/87)

0.5

Section 4: located within  
NW $\frac{1}{4}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$ ,

TOPSOIL PILE #4 (8/17/87)

0.5

Section 4: located within  
SW $\frac{1}{4}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$

TOTAL PERMIT AREA

6287.74

The right to continue underground mining operations will apply to the property attached hereto as Appendix 1-1.

The surface facility area and permit area is not within 300 feet of any occupied dwelling and is not subject to the prohibitions or limitations of the State and/or Federal Regulations.

#### GENWAL DISTURBED ACREAGE

Area	Section	within	Acres	parcel
minesite	Section 5	NW ¼	7.778*	Fed Lease UTU-54762
		SW¼	6.086*	Dellenbach Fee
Topsoil Pile #1	Section 5	NW¼	0.2	Forest Service Special Use Permit
Topsoil Pile #2	Section 5	NE¼	0.2	Forest Service Special Use Permit
Topsoil Pile #3	Section 4	NW¼	0.5	Forest Service Special Use Permit
Topsoil Pile #4	Section 4	NW¼	0.5	Forest Service Special Use Permit
TOTAL			15.264	

\* Includes all areas within "permitted" disturbed area. Not all acreage is presently disturbed. See Figure 8C.

## 115 STATUS OF UNSUITABILITY CLAIMS

All available information concludes that the proposed permit area is not within an area designated as unsuitable for underground mining activities ( refer to Appendix 1-7). The map required to be maintained by the regulatory authority under 764.25(b), does not indicate this permit area as unsuitable for underground mining. The regulatory authority has also stated that this area is not under study for designation in an administrative proceeding. The permit area is located in the Wasatch Plateau as described in the following, "Known Recoverable Coal Resource Area", as indicated in the San Rafael Planning Area Management

Framework Plan, published in July 1979, by the United States Department of Interior, Bureau of Land Management. Pages 43 and 44 of that publication, copies of which are included with this application and found at the end of this chapter as Appendix 1-6, indicate that none of the acreage in the KRCRA was determined to be unsuitable for underground mining. In addition, the Land Management Plan, Ferron-Price Planning Unit, Manti-La Sal National Forest, published in May 1979, by the United States Department of Agriculture, Forest Service, Intermountain Region. The Forest Service has stated that this permit area, which is included in the Section A3 minable coal area of this publication, will not be considered unsuitable for leasing or mining. Page 149 of the document is included with this application as Appendix 1-7.

The applicant was notified of a public hearing scheduled for June 2, 1981, at 3:00 p.m. in Huntington, Utah, at the Senior Citizens Center. An officer of GENWAL was present at the hearing. The public hearing dealt with the proposed mining activities of the Crandall Canyon Mine within 100 feet of a public road (Forest Service Development). The USFS has issued a Special Use Permit for the Crandall Canyon Mine and accepts that the operation will occur within 100 feet of the Forest Service Development road.

The surface facility area and permit area is not within 300 feet from any occupied dwelling and is not subject to the prohibitions or limitations of State and/or Federal Regulations.

The area to be included in the Incidental Boundary Change (IBC) is immediately adjacent to the current permit area. Since mining in the IBC will be primarily first mining (longwall setup entries and barrier pillars), no surface impacts are expected to occur. Protection of the resources in this IBC are provided under the Mining and Reclamation Permit as well as state and federal.

## **116 PERMIT TERMS**

The applicant requests a permit term of five years from the date of approval, however mining activities will continue longer than five years if the coal becomes available and feasible to mine. The starting and termination dates in one year increments is shown on Plate 5-2. The horizontal extent of the underground mine workings is also shown. GENWAL will commit to comply with all applicable standards during times of temporary and permanent cessation of operations. Further discussion may be found in Chapter 5, Engineering.

## **117 INSURANCE, PROOF OF PUBLICATION**

### **117.100 Insurance**

A Certificate of Liability Insurance with Andalex and IPA is included in Appendix 1-10.

### **117.200 Proof of Publication**

A copy of the newspaper advertisement of the application for a renewal of Crandall Canyon Mine permit was included in the permit package, as required under R645-300-121.100. Also, a copy of the newspaper advertisement for the permit amendment to install a culvert in Crandall Canyon has been included. See Appendix 1-8 for both copies.

## **118 FILING FEE**

This permit application to conduct coal mining and reclamation operations pursuant to the State Program was accompanied by a fee of \$5.00.

## **120 APPLICATION FORMAT AND CONTENTS**

This application is structured based on the R645 regulations of the Division of Oil, Gas, and Mining. The chapter divisions in the application are based on the different sections of the R645 regulations. Each section of the application is based on the corresponding sections of the GENERAL CONTENTS of the R645 regulations.



**VERIFICATION OF APPLICATION**

I hereby certify that I am a responsible official (Resident Agent) of the applicant (Andalex and IPA for GENWAL Resources, Inc.) and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein

\_\_\_\_\_  
**Signed - Name - Position - Date**

Subscribed and sworn to before me this \_\_\_ day of \_\_\_\_\_, 20\_\_

\_\_\_\_\_  
**Notary Public**

My commission Expires: \_\_\_\_\_, 20\_\_ )

Attest: STATE OF \_\_\_\_\_ ) ss:

COUNTY OF \_\_\_\_\_ )

1.23

## VERIFICATION OF APPLICATION

I hereby certify that I am a responsible official (Resident Agent) of the applicant (Andalex and IPA for GENWAL Resources, Inc.) and that the information contained in this application, inclusive of the Forest Service parking lot upgrade, is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.

By E. J. original agent 5/31/05

Signed - Name - Position - Date

Subscribed and sworn to before me this 31 day of May, 20 05

Rada J. Rogers  
Notary Public

My commission expires: 10/2, 20 06

Attest:

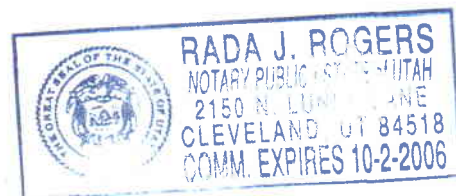
STATE OF

Utah

COUNTY OF

Carbon

ss:



INCORPORATED

JUL 28 2005

DIV OF OIL GAS &amp; MINING